

Top Secret 219

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Monday 6 November 1978

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National Intelligence Daily Cable for Monday, 7 November 1978

The NID Cable is for the purpose of informing senior US officials.

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EC: Membership Enlargement

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[REDACTED] //EC Foreign Ministers, at their semiannual retreat late last month, set a brisk pace for negotiations with Greece, Portugal, and Spain on EC membership but also moved to protect the present balance of power among the Nine and between them and EC institutions.

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[REDACTED] //The Ministers agreed that, when Greece joins the EC, decisions in the Council of Ministers can still be vetoed by any two of the four largest member states--the UK, France, West Germany, and Italy. These four countries want a similar arrangement even after Portugal and Spain enter the EC, but some small EC states, as well as the Commission, resist this kind of domination of the Community by a "directorate" of its most powerful members.//

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[REDACTED] //French President Giscard has proposed that the EC set up a committee to study the implications of enlargement for the Community. Despite the fear in several quarters that Giscard intended his plan to slow down the enlargement process, to bring into question the powers of EC institutions, or to muffle the voice of the smaller states, the Foreign Ministers agreed that such a committee should be established by the European Council in December.//

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[REDACTED] //The Ministers stipulated that the committee should review the whole range of EC institutional problems and that its report should not appear before June 1979, when Greece's membership negotiations should be formally complete. The EC Commission expects Greece to enter the Community by January, 1981.//

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[REDACTED] //The EC Ministers reaffirmed their intent to complete substantive membership negotiations with Greece by the end of this year. The main obstacles to this goal are the Commission's insistence on five- to 10-year transition periods before allowing free movement of Greek workers or of Greek agricultural products into the Community.//

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[redacted] //On Spain, contrary to rumors that the Community would delay for some time its decision to open negotiations on membership, the Ministers agreed to make that decision this year following a Commission report late this month on Spain's application.//

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[redacted] //The Community has already begun accession talks with Portugal and is speeding up preparations for political cooperation. [redacted]

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ARAB STATES: Summit Meeting

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[redacted] *The final communique issued yesterday at the end of the Arab summit in Baghdad noted the dangers of defection from Arab ranks but stopped short of openly condemning Egyptian President Sadat.*

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[redacted] The Arab leaders also apparently failed to agree to hardliners' proposals to impose tough economic and political sanctions against Egypt. The bland tone of the communique suggests that, despite Sadat's rebuff of a delegation sent on Saturday to woo him back to the Arab fold, Saudi Arabia and other moderate states were able to ward off attacks by Sadat's critics.

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[redacted] The summit spokesman announced that a number of resolutions were passed during the conference, but these were not made public. [redacted]

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AUSTRIA: Nuclear Referendum

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[redacted] *Austrian Chancellor Kreisky's Socialist government lost yesterday's referendum on nuclear power by a narrow margin, but Kreisky seems to be waffling on his threat to resign. Austrian voters turned down the government's plan to put the \$410 million Zwentendorf power plant into operation, partly because of still unresolved questions about the nuclear waste it would have generated, and also because of growing sentiment against nuclear energy.*

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[] Although nuclear energy has been a contentious issue for some time, it became even more so early this year because of the government's maladroit handling of the power plant, located some 70 kilometers northwest of Vienna. Kreisky at that time flatly rejected a referendum as an unsuitable device to decide the disposition of the plant.

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[] The government's premature announcement about a spent fuel storage site near the plant evoked strong protests from the public, which had been led to believe that Austria's nuclear waste would be stored in the US. Kreisky then failed to find an alternative foreign waste storage location, and the issue became a key factor in the defeat of the referendum.

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[] In May, Kreisky reversed his stand on holding a vote, but the subsequent controversy in Parliament--with the opposition casting the matter as a general vote on nuclear power--provoked bitter confrontations between pro- and antinuclear factions.

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[] Now it appears that Kreisky, who threatened to resign if the referendum were defeated, is left with something of a "white elephant" in Zwentendorf. The plant could conceivably be converted to a fossil fuel power station, but only at great cost and with considerable delay.

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[] Kreisky has already begun to back down on his threat, stating yesterday that he would have to consult with Socialist Party leaders before taking further steps. Nevertheless, the issue is likely to remain controversial, and Kreisky will have to face growing criticism if he stays in office. []

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VIETNAM: Military-Economic Woes

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[REDACTED] //Sporadic fighting with the Cambodians and moves to improve defensive capabilities along the northern border with China are hampering Vietnam's postwar economic recovery.//

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[REDACTED] //The situation along both borders has diverted troops from their reconstruction and development role. The military was to provide much of the manpower, security, and equipment to boost food production. Many important--but not crucial--land reclamation, irrigation, and rail and road projects are being delayed.//

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[REDACTED] //The military situation is also occupying much of the time of Vietnam's government leaders. Hanoi officials have been unable to give full attention to decisions on foreign economic relations and on domestic economic policies. Consequently, implementation of foreign aid projects is lagging and needed economic reforms are being delayed.//

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[REDACTED] //The heightened readiness along the border so far has required only small additional budgetary outlays for military pay, food, and equipment. Deliveries of military aid from the USSR this year are up slightly but are still well below those during the Vietnam war.//

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BRIEFS

China-Cambodia

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[REDACTED] A high-level Chinese party and government delegation arrived in Phnom Penh yesterday on an "official and friendly" visit to Cambodia. The delegation, which apparently was hastily

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arranged, is led by party Vice Chairman Wang Tung-hsing and Vice Premier Yu Chiu-li, China's leading economic planner. While we do not yet know the specific objectives of the mission, it will serve as a demonstration of China's continuing support for Phnom Penh in the wake of the signing last week of a Soviet-Vietnamese treaty of friendship and cooperation.

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[] The inclusion of Vice Premier Yu at the head of the delegation suggests that Peking plans to focus on economic assistance to the Cambodians, but the Chinese almost certainly are prepared to discuss increased military support as well.

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USSR

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[] Chairman of the Soviet Council of Ministers Kosygin broke no new ground in Saturday's annual speech celebrating the anniversary of the October Revolution. Kosygin devoted considerable attention in the Moscow address to US-Soviet relations, which he appraised somewhat more positively than did President Brezhnev in a September speech in Baku. A strong advocate of improved bilateral relations, Kosygin conveyed the hope that the SALT talks would lead to a mutually acceptable solution and expressed optimism that in the long run detente will prevail. He mentioned but did not dwell on the subject of Western "interference" in Soviet internal affairs, and passed up the opportunity to take a swipe at Eurocommunism.

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[] Kosygin gave explicit support to the "national patriotic forces" of Namibia and Rhodesia--Nkomo was present for the Moscow ceremonies--saluted the new Soviet-Vietnam treaty, and employed standard formulations in a brief discussion of the Middle East. He did not, however, stress the theme of Soviet support for "national liberation" movements. []

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UN

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[] A vote will probably be taken in the political committee of the UN General Assembly today on an Iraqi resolution to condemn military and nuclear cooperation with Israel. The

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resolution is identical to one introduced at the Special Session on Disarmament last June and shelved because of its contentious nature. Strong opposition to the draft exists among the industrialized nations, and Israel opposes it as a first step toward a possible call for Security Council sanctions.

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[] Iraq is likely to obtain a vote today despite the committee chairman's effort to postpone voting on all agenda items until the committee completes its work in December. The Iraqis would like the vote to take place while the Arab Summit is meeting in Baghdad.

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[] The resolution has 33 cosponsors, including the entire Arab group. Several of these governments were irritated by Baghdad's reintroduction of the resolution, without permission, in their name, but evidently will not openly oppose the measure.

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